



2011 SENATE BILL 440

February 7, 2012 – Introduced by Senators GROTHMAN, ERPENBACH and RISSER, cosponsored by Representatives KLEEFISCH, ROYS and POPE-ROBERTS. Referred to Committee on Economic Development and Veterans and Military Affairs.

1 **AN ACT** *to amend* 66.1105 (4) (h) 2.; and *to create* 66.1105 (4) (h) 9., 66.1105 (6)
2 (a) 10. and 66.1105 (6) (am) 2. e. of the statutes; **relating to:** increasing the
3 allowable number of project plan amendments, and lengthening the time
4 during which tax increments may be allocated and expenditures for project
5 costs may be made, for Tax Incremental District Number 3 in the city of
6 Middleton.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

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Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the “tax incremental base” value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a “value increment” is created. That portion of taxes collected on the value increment in excess of the base value is called a “tax increment.” The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID.

The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

Generally under current law a local planning commission may amend the project plan of a TID, by adding or subtracting territory from the district, not more than four times during the TID’s existence.

Under this bill, with regard to TID number 3 in the city of Middleton, the local planning commission may amend the project plan of the TID not more than seven times, expenditures for project costs may be made for up to 32 years after the TID was created, and DOR may allocate tax increments for up to 37 years after the TID’s creation.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 66.1105 (4) (h) 2. of the statutes is amended to read:
2 66.1105 **(4)** (h) 2. Except as provided in subds. 4., 5., 7., and 8., and 9., the
3 planning commission may adopt an amendment to a project plan under subd. 1. to
4 modify the district’s boundaries, not more than 4 times during the district’s
5 existence, by subtracting territory from the district in a way that does not remove
6 contiguity from the district or by adding territory to the district that is contiguous
7 to the district and that is served by public works or improvements that were created

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1 as part of the district's project plan. A single amendment to a project plan that both
2 adds and subtracts territory shall be counted under this subdivision as one
3 amendment of a project plan.

4 **SECTION 2.** 66.1105 (4) (h) 9. of the statutes is created to read:

5 66.1105 **(4)** (h) 9. Notwithstanding the limitation in subd. 2., the planning
6 commission in the city of Middleton may adopt an amendment to a project plan under
7 subd. 1. to modify the boundaries of Tax Incremental District Number 3 not more
8 than 7 times during the district's existence. A single amendment to a project plan
9 that both adds and subtracts territory shall be counted under this subdivision as one
10 amendment of a project plan.

11 **SECTION 3.** 66.1105 (6) (a) 10. of the statutes is created to read:

12 66.1105 **(6)** (a) 10. Thirty-seven years after the tax incremental district is
13 created if the district is Tax Incremental District Number 3 in the city of Middleton.

14 **SECTION 4.** 66.1105 (6) (am) 2. e. of the statutes is created to read:

15 66.1105 **(6)** (am) 2. e. Expenditures for project costs for Tax Incremental
16 District Number 3 in the city of Middleton. Such expenditures may be made no later
17 than 32 years after the district is created and may be made through 2025.

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(END)